

5/10/23

**APPLICATION TO THE NEW YORK STATE DEPARTMENT OF
FINANCIAL SERVICES FOR A PREMIUM ADJUSTMENT**

COMPANY: Highmark Western and Northeastern New York

NAIC #: 55204

Prefiling SERFF Tracking #s: HLTH-133667407

EFFECTIVE JANUARY 1, 2024

**THIS APPLICATION IS FOR SMALL GROUP COMMUNITY-RATED
PRODUCTS**

Health insurance premiums **must** correspond with the cost of our members' medical care, which continues to rise at an unparalleled rate year after year and is projected to increase significantly in 2024. Rising medical costs are the primary driver of our proposed small group rates, in addition to regulatory mandates, taxes, and fees.

With more than 90 cents of every dollar of revenue the company collects from premiums, which is well above to state-mandated medical loss ratio (MLR), going back out to pay for our members' medical care, it's becoming unsustainable to offer preferred small group products. Over the past five years, the company has experienced over \$227 million in losses in small group products, demonstrating the critical need for sufficient premium rates.

While health care costs continue to rise, our affiliation with Highmark Health provides ongoing strength and stability to our organization, as it allows access to shared innovation and strategic partnerships that help drive down costs for small businesses, including helping to minimize the proposed rate increases for 2024.

This rate change application affects only the members enrolled in community-rated products for small groups. Based on current membership numbers, we estimate that **(53,703)** members, totaling **(4,903)** small businesses will be affected by the rate change.

Based on the reasons explained above, we are requesting that the Department of Financial Services grant our submitted premium rate increase of **22.0%** for its community-rated small group products to take effect on January 1, 2024. This increase is comprised of 3% for proposed regulations with the remainder due to cost and utilization increases.

Accompanying this narrative is the NYS Exhibit 13, which provides a numerical summary of selected information from this rate filing and prior rate filings.

EXHIBIT 13a: NUMERICAL SUMMARY AND RATE INDICATION CALCULATION

NUMERICAL SUMMARY

Company	Highmark
NAIC Code:	55204
SERFF Tracking #:	HLTH-133667407
Market Segment:	Small Group

- 1 Please complete the Numerical Summary below as well as the Narrative Summary (a separate attachment) for each market segment for which a rate filing is being submitted.
- 2 The Narrative Summary must be in plain English and should clearly and simply explain the reasons for the requested rate adjustment (This should be included in the provided blank template "2024 Exhibit 13b - Narrative Summary.docx")
- 3 The purpose of the Narrative Summary is to provide a written explanation to the company's policyholders to help them understand the reasons why a rate increase is needed.
- 4 The purpose of the Numerical Summary is to provide a clear and simple overview of the requested rate adjustment.
- 5 These Summaries (with the exception of the Rate Indication Calculation Section) will be public documents and will be posted on DFS's website and furnished by DFS to the public upon request.
- 6 The company should submit these Summaries to DFS ten (10) days before submitting a rate adjustment filing.
- 7 A draft of these Summaries and of the Initial Notice must be included in a "Prior Approval Pre-filing" submitted to DFS via SERFF.
- 8 Once reviewed by DFS, these Summaries must be posted to a location on its website that is publicly available and accessible without the need for a user ID/password.
- 9 Links should be provided on key pages of the company's website so that the information may be easily located.
- 10 Any change(s) made to the Narrative Summary/Numerical Summary subsequent to the posting must be submitted to DFS with the specific change(s) identified.
- 11 Rate Change Adjustment calculations between Year 2023 and 2024 should be based on the DFS Membership Survey data as of 3/31/2023.
- 12 This exhibit must be submitted as an Excel file and as a PDF file.

A. Average 2023 and 2024 Premium Rates:

- 1 Weighted Average Monthly Base Premium Rates are as calculated in Row 32 of the appropriate columns in Exhibit 13c (Columns L-P for 2023 and Columns U-Y for 2024)
- 2 Premium Rates for 2024 should be Consistent with the Premium Rates reflected in Exhibit 23.

	Average Individual Rate Platinum	Average Individual Rate Gold	Average Individual Rate Silver	Average Individual Rate Bronze	Average Individual Rate Catastrophic
2023 Weighted Average Base Premium Rates	\$ 772.14	\$ 725.76	\$ 602.38	\$ 523.51	N/A
2024 Weighted Average Base Premium Rates	\$ 934.63	\$ 893.23	\$ 724.58	\$ 632.18	N/A

B. Weighted Average Annual Percentage Requested Adjustments:

	2023 to 2024	2023 Weighted Average PMPM Rate All - Metals	2024 Weighted Average PMPM Rate All - Metals
Requested Rate Adjustment	21.99785%	\$ 592.09	\$ 722.34

From Cells Q-74 and Z-74 of Exhibit 13c

C. Weighted Average Annual Percentage Adjustments for each of the Past Two Years [If Applicable]*:

	2021 to 2022	2022 to 2023
Average Rate Adjustment Requested	17.59253%	15.30000%
Average Rate Adjustment Approved	8.59653%	10.70000%

D. Average Medical Loss Ratios [MLR] for All Policies Impacted [Ratios of Incurred Claims to Earned Premiums] [If Applicable]*:

	2020	2021	2022	Projected 2023	Projected 2024
MLR	91.8%	100.1%	99.6%	96.2%	87.2%

E. Claim Trend Rates and Average Ratios to Earned Premiums [Per Exhibit 18 Supplement for 2021-2023 and Comparable Exhibits for 2021] [If Applicable]*:

	2022	2023	2024
Annual Claim Trend Rates	7.2%	6.6%	8.9%
Expense Ratios	10.8%	11.6%	12.9%
Pre Tax Profit Ratios	0.0%	1.0%	1.0%

* If no products were offered in a particular year, indicate "N/A" in the applicable box.